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Rep. Charlie Brown
Rep. Brian Hasler
Rep. William Crawford
Rep. Susan Crosby
Rep. John Day
Rep. Craig Fry
Rep. Win Moses
Rep. Peggy Welch
Rep. Vaneta Becker
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Sen. Billie Breaux
Sen. Earline Rogers
Sen. Vi Simpson
Sen. Greg Server
Sen. Kent Adams
Sen. Beverly Gard
Sen. Steve Johnson
Sen. Connie Lawson
Sen. Marvin Riegsecker



HEALTH FINANCE COMMISSION

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MEETING MINUTES¹

Meeting Date: October 7, 1999
Meeting Time: 10:30 A.M.
Meeting Place: State House, 200 W. Washington St., Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Sen. Patricia Miller, Chair; Rep. Charlie Brown; Rep. Brian Hasler; Rep. William Crawford; Rep. John Day; Rep. Peggy Welch; Rep. Timothy Brown; Rep. Mary Kay Budak; Rep. David Frizzell; Sen. Allie Craycraft; Sen. Kent Adams; Sen. Beverly Gard.

Members Absent: Rep. Susan Crosby; Rep. Craig Fry; Rep. Win Moses; Rep. Vaneta Becker; Rep. Robert Behning; Rep. Gloria Goeglein; Sen. Billie Breaux; Sen. Earline Rogers; Sen. Vi Simpson; Sen. Greg Server; Sen. Steve Johnson; Sen. Connie Lawson; Sen. Marvin Riegsecker.

Sen. Patricia Miller, Chair of the Commission, called the meeting to order at about 10:45 a.m.

Sen. Miller stated that the State Department of Health would not be providing testimony, but the Department was present to answer questions. Documents provided to the members of the Commission (Exhibit 1) included: (1) statutory examples of definitions for "medical necessity" obtained from the NCSL; (2) response from the State Department of Health to questions raised at the previous meeting, including information on occupancy rates and regulatory violation rates, and minimum staffing requirements in other states; (3) response from the Family and Social Services Administration (FSSA) on questions raised at the previous meeting regarding the Statewide Waiver Ombudsman, "low-needs" Medicaid recipients in nursing homes, and what FSSA is doing in the area of adult foster care, adult day care, and assisted living.

¹Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Long Term Care in Indiana

Mr. Jim Leich, Indiana Association of Homes for the Aging (IAHA)

Mr. Jim Leich, IAHA, stated that he represents about 208 not-for-profit nursing homes that provide a variety of programs and services for senior citizens. He stated that his testimony would focus on: (1) the expansion of long term care options; (2) payment sources; (3) nursing home quality; (4) staffing issues; and (5) certificate of need programs (CON).

Expansion of Long Term Care Options - Mr. Leich stated that IAHA strongly supports the expansion of long term care options. Mr. Leich added that shifting dollars away from nursing homes and into other areas is often talked about, and is, in fact, happening already. With the elderly population significantly increasing in numbers and the nursing home population fairly stable over the last several years, people are using other options. The role of nursing homes is gradually shifting from a custodial role to one of short-term rehabilitation. Mr. Leich stated that there will be increasing specialization of nursing facilities in the future (e.g. Alzheimer's and heart rehab units). He added that nursing home reimbursement is composed of: (1) utilization (which can be impacted through the expansion of long term care options) and (2) payment rate (which should be maintained, rather than lowered). Mr. Leich related the story of his 88-year-old father with hip problems and how important home health services and assisted living alternatives were to him, but that nursing home alternatives were also still important.

Expansion of Funding Options - Mr. Leich stated that looking at the Tobacco Settlement dollars as a funding source for long term care services was important. He added that the purchase of long term care insurance should be encouraged and promoted. Long term care insurance is designed to help middle-income people cope with the costs of long term care. He added that providing and promoting group coverage should be considered.

Nursing Home Quality - Mr. Leich stated that the state needs to make sure that its nursing home regulatory program is a quality improvement process with the primary goal being improving care. There is a role for enforcement and penalties, but it is a limited one. He commented on Michigan's situation and their program where they established a resource within the state. Rather than fines, a nursing home can obtain resources to improve the quality of care. He added that, in Indiana, the state could use an abbreviated survey for those facilities with a good history. Mr. Leich stated that the survey and regulatory process should have: (1) an outcome orientation; (2) reasonable and clear expectations of the facilities; (3) collaboration; and (4) independent and informal dispute resolution processes.

Nursing Home Staffing - Mr. Leich stated that all service industries are currently experiencing problems with maintaining staffing levels in this type of economy. Nursing facilities are, however, working on training and retention problems. Mr. Leich also stated that the amount of paperwork required by nursing staff is becoming excessive. He stated that documentation requirements take up 40% to 50% of a nurse's time and 10% of a Certified Nurse Aide's (CNA) time. In addition, at least some facilities have a full-time coordinator spending all of their time on this type of paperwork. Mr. Leich stated that this time comes out of care provision. Mr. Leich suggested that artificial staffing ratios are not necessarily the best way to address this problem, but encouraging nurses to stay in long term care through an educational loan forgiveness program could provide some benefit.

Certificate of Need (CON) Program - Mr. Leich suggested that a moratorium on new nursing home beds would be problematic in that facilities that are providing excellent care and are at capacity would be prevented from expanding.

Sen. Miller suggested that the paperwork problem is real and that it is necessary to use existing

staff better. Sen. Miller requested that FSSA provide alternatives for reducing paperwork requirements.

Asked as to whether there is a prohibition against Medicaid reimbursement for assisted living, Mr. Leich stated that there is no statutory prohibition. He added that most states that provide Medicaid reimbursement for assisted living do so through a waiver. Responding to a question from the Commission, Mr. Leich stated that assisted living services can be more expensive than nursing homes for some people who currently private pay depending upon the amount and type of services the people receive. With Medicaid, however, the costs can be less than a comparable stay in a nursing home.

Asked as to how the state can be helpful, beyond mandating staffing ratios for nursing homes, Mr. Leich responded that increased Medicaid reimbursement providing wage pass-throughs would be useful. In addition, working through the welfare programs and universities and technical schools may be useful. Mr. Leich stated that disadvantages of staffing ratios include: (1) reduced flexibility because staff may be restricted into doing one thing; and (2) staffing ratios can hurt innovation.

Rep. Hasler suggested investigating the possibility of creating a "bed bank" where certified beds can be taken from nursing facilities with low occupancy rates or with regulatory violations and transferred to better facilities.

Rep. Budak suggested considering a program that would provide for lower payments on medical insurance for long term care workers after retirement to provide an incentive to stay in the field.

Mr. Paul Severence, United Senior Action

Mr. Paul Severence, United Senior Action, suggested looking at the long term care system as a whole. Mr. Severence stated that in Indiana, we virtually force people into nursing homes. He further stated that assisted living is just one alternative. Other states have additional alternatives that can reduce costs. Some alternatives include adult foster care (private homes taking care of 3 - 6 people) and adult day care programs (where family members can get some assistance during the day). Mr. Severence added that Texas, Oregon, and Washington have chosen not to have waiting lists for these services and save money in the process.

Mr. Severence also suggested that the estimate that problem nursing homes represent only 10% of all homes is an understatement of the problem. He stated that half of the regulatory violations are caused by 20% of the nursing facilities. He suggested that legislators should ask the long term care ombudsman in their districts how many of the facilities they would be willing to place a family member in.

Mr. Severence indicated that regulatory enforcement is a key factor and questioned why we have to continue to have nursing homes with awful records. He stated that, in the absence of fines, our system pays as much for poor care as for good care and that under the current system, fines are the only way to penalize a facility. In addition, the amount of fines levied is insignificant in relation to the total Medicaid revenues of a typical facility. He added that raising fines would be a good step. He has an additional concern that many of the fines are not actually collected. He claimed that he has repeatedly requested this type of information from the State Department of Health but the information has never been provided. The Commission requested of the State Department of Health a listing of the fines levied on nursing homes and the resulting collections.

Mr. Severence also stated that the staffing problem is very serious and the solution was

unknown. He did suggest that there should be a mandated minimum staffing requirement and he would strongly support a disclosure requirement where facilities must post the number of staff that are on duty.

Mr. Severence also stated that a CON program or moratorium is not a good idea because the last thing we should do is condemn people to filling up the poor facilities. He displayed a chart that indicated that Indiana's growth in nursing home beds was greater than in Illinois, Michigan, Wisconsin, or Minnesota.

Mr. Severence stated that the Ombudsman Program was a good program, but that our program was staffed at 1/3 of the national standard: Indiana has one ombudsman per 6,000 nursing home beds while the national average is one per 2,000 beds. He stated that this problem can be remedied with very little money. The Commission requested staff to provide a listing of ombudsman in the state with their addresses and phone numbers.

Mr. Severence stated that the Health Professions Bureau appears to be a system on the verge of collapse. He added that the State Department of Health sends hundreds of survey results regarding nursing home administrators to the Bureau which are then to be sent on the Attorney General's Office for investigation. He stated that only two have been forwarded for investigation and this represents a major problem.

Mr. Severence also suggested that some Tobacco Settlement dollars should be used for investing in long term care options.

Mr. Doug Starks, Alzheimer's Association

Mr. Doug Starks, Indiana Public Policy Coordinator for the Alzheimer's Association, requested that the Commission address the area of quality direct care staff in nursing facilities. (Written testimony provided as Exhibit 2). He added that in a recent family care-giver focus group conducted by the Alzheimer's Association, three of the top four concerns were related to direct care staffing issues: (1) lack of training and education for CNA's, especially related to dementia-specific issues; (2) lack of retention of quality staff and a lack of adequate staffing; and (3) the use of agency or pool staff.

Mr. Starks stated that his association is addressing this problem by offering training programs for staff at all levels, from administrators to direct care workers. In addition, the association is working the State Department of Health to increase the amount of time spent on dementia-specific issues in the current 105 hours of CNA training.

Mr. Starks urged the Commission and the General Assembly to examine the issue of quality and quantity of direct care staff and determine what role the state can play in solving this problem. He further suggested the following possible solutions: (1) Examine the idea of facilities disclosing staffing levels on each shift and reporting this information to the state to examine if there is a correlation between staffing levels and number of deficiencies incurred by a facility; (2) Examine the idea of minimum staffing levels or rewarding facilities that reach minimum staffing recommendations determined by the state; (3) Continue to explore the idea of increased enforcement; (4) Examine the idea of additional training requirements especially for direct care staff; and (5) Examine the idea of tying increased reimbursement rates to minimum staffing levels and/or increased wages for direct care staff.

CHIP Update (Children's Health Insurance Program)

Ms. Lauren Polite, Legislative Liaison for FSSA, provided the Commission with a folder of

documents (Exhibit 3) that included the following information about the Hoosier Healthwise program: (1) data on enrollment numbers and enrollment centers; (2) a press release about the Hoosier Healthwise program; (3) a document about the keys to successful outreach in the program; and (4) a tentative implementation schedule. The Hoosier Healthwise program includes funding from the Medicaid program, as well as federal CHIP funds.

Ms. Polite discussed the enrollment progress for Hoosier Healthwise. She stated that their outreach efforts have increased enrollment by more than 105,000 children. Of the additional enrollment, 92,000 were formerly uninsured and 13,000 were underinsured. She also stated that the Phase I expansion (family incomes up to 150% of the federal poverty guidelines) represented almost 24,000 of the additional children. Ms. Polite also provided information on the 490 public enrollment centers and that, as of the end of September 1999, FSSA had received almost 10,000 applications through the mail-in application process.

Ms. Nancy Cobb, Director of the Children's Health Insurance Program Office, provided details on the implementation of CHIP (See Exhibit 3). CHIP funds are being used for the Phase I expansion and will also fund the Phase II expansion (family incomes from 150% to 200% of the federal poverty guidelines). Ms. Cobb stated that the CHIP Board would be adopting emergency rules in December of 1999 in order to get the CHIP program started.

Responding to a question from the Commission, Ms. Lauren Polite stated that, similar to the situation in Bartholomew County, there is a total of a dozen counties where physician panels were full, thus causing problems with the Hoosier Healthwise auto-assignment system.

Commission members requested the following information from FSSA: (1) Hoosier Healthwise enrollment data by quarter; (2) draft of the emergency rules for the CHIP program; and (3) the counties where the physician provider panels are filled.

Due to the length of the meeting, Sen. Miller announced that the remaining agenda items, including the Medical Necessity and the Health Professions Bureau issues, would be considered at the next meeting. The next meeting was scheduled for Tuesday, October 19, 1999, at 10:30 a.m. in Room 404 of the State House. (Note: Meeting times and dates are subject to change. Please check the Calendar of Interim Committee Meetings for an up-to-date listing.) The meeting was then adjourned.